What is Strategic Disinvestment?

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About Strategic Disinvestment

- Strategic disinvestment would imply the **sale of a substantial portion of the Government shareholding of a central public sector enterprise (CPSE) of upto 50%, or such higher percentage** as the competent authority may determine, **along with transfer of management control.**
- It involves the **transfer of ownership and control of a public sector entity to some other entity, either private or public.**
- **What is the difference between strategic disinvestment/sale and disinvestment?**
    - S**elling minority shares of Public Enterprises to another entity,** be it public or private, **is disinvestment.** In this, the **government retains ownership** of the enterprise.
    - On the other hand, **when the government sells majority shares in an enterprise**, **that is strategic disinvestment/sale.** Here, the **government gives up the ownership** of the entity as well.
- **Objectives:**
    - **Reduce Government Ownership**;
    - **Raise Capita**l;

- **Improve Efficiency;**
- **Promote Competition**;
- **Attract Private Investmen**t;
- **Focus on Core Functions;**
- **Reduce Fiscal Burden**;

Q1) What is a public sector enterprise?

Public enterprise, a business organization wholly or partly owned by the state and controlled through a public authority. Some public enterprises are placed under public ownership because, for social reasons, it is thought the service or product should be provided by a state monopoly. Utilities (gas, electricity, etc.), broadcasting, telecommunications, and certain forms of transport are examples of this kind of public enterprise.

Source: DIPAM invites RFP to appoint an asset valuer for IDBI Bank’s strategic disinvestment